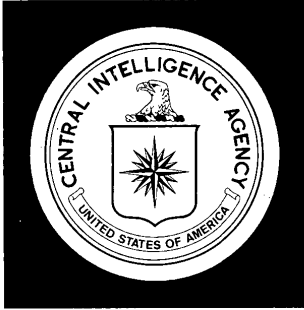


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The President's Daily Brief

June 18, 1974

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~~*Top Secret*~~ 25X1

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

June 18, 1974

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PRINCIPAL DEVELOPMENTS

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The appearance of political wall posters attacking Chinese officials by name seems to be the latest phase in the struggle between leftists and moderates for control of the anti-Confucius campaign. (Page 4)

The Soviet press is now giving fuller coverage to the President's trip to the Middle East and is straining to emphasize the importance of the Soviet Union in the region. (Page 5)

Left-wing gains in the Sardinian election and more political violence have added to the difficulties surrounding the formation of a new Italian government. (Page 6)

Portuguese President Spínola continues to stump the country in an effort to consolidate his leadership. (Page 7)

Close examination of the joint Soviet-Afghan statement has convinced the US embassy in Kabul that his seeming acceptance of Moscow's scheme for an Asian collective security system is so carefully hedged as to be no real endorsement at all. (Page 8)

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China [REDACTED] (Page 9)

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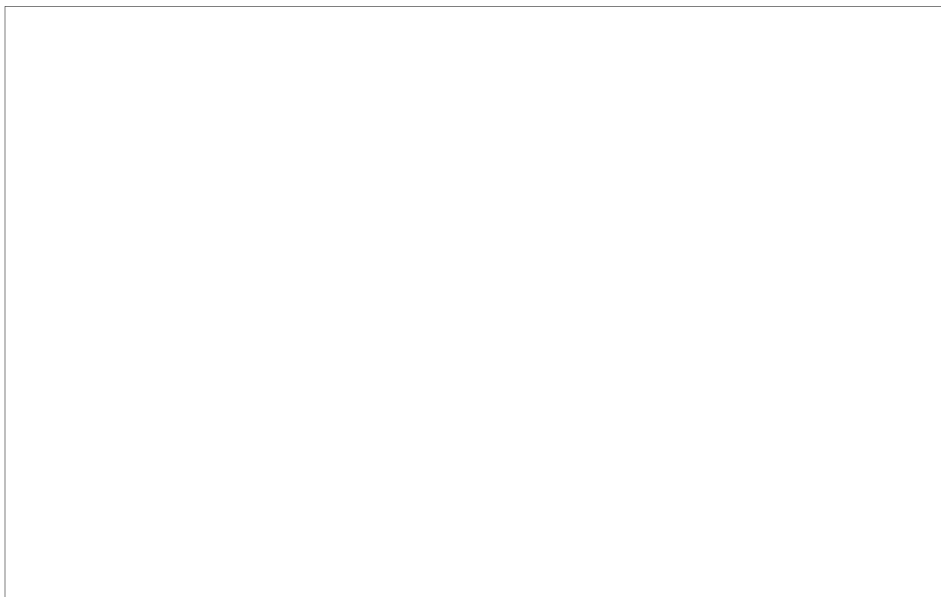
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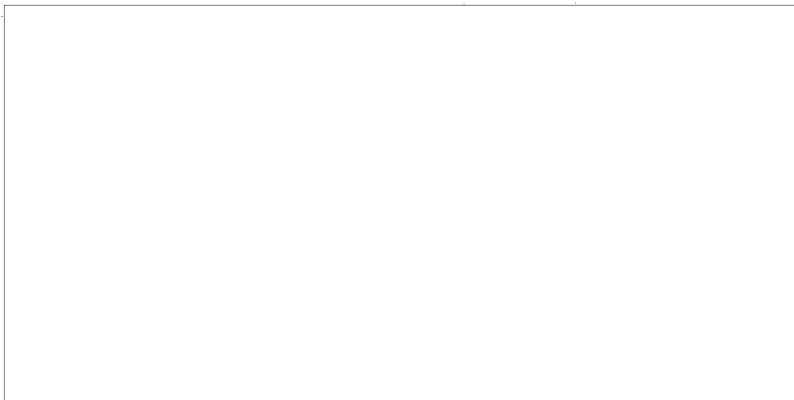
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FOR THE PRESIDENT ONLY

CHINA



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CHINA

The appearance of political wall posters attacking Chinese officials by name seems to be the latest phase in the struggle between leftists and moderates for control of the anti-Confucius campaign. New instructions issued late last month authorize attacks on provincial leaders--a strategy that evidently responds to pressure from the leftists--and reverse earlier directives banning attacks by name.

Within the bounds of the new ground rules, however, moderates in Peking seem to be trying to make the case that national leaders, even if they double as province chiefs, should not be considered fair game. Posters that appeared last weekend criticizing Politburo member Hua Kuo-feng--who is concurrently political boss of Hunan Province--have been removed. Replacing them are posters attacking the Hunan leadership in general, but naming no names. Criticism of the Peking city leadership last week seemed aimed at another Politburo member, but no names were mentioned.

Chinese officials at both ends of the political spectrum seem unconcerned about the recent flurry of posters.

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[REDACTED] Vice Foreign Minister Chiao Kuan-hua, who is close to Premier Chou En-lai, said that the party Central Committee will ultimately decide the fate of those currently under attack, and that criticism of specific individuals does not necessarily mean that they will be purged. Chiao rationalized that such posters were an example of "democracy," a line repeated a few days ago by a provincial official who is himself under attack in his home province.

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Actually many provincial leaders have been attacked in wall posters for several months. These officials continue to appear publicly and meet visitors.

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USSR - US - MIDDLE EAST

The Soviet press is now saying somewhat more about the President's trip to the Middle East and is straining to emphasize the importance of the Soviet Union to the region. The Soviets now credit themselves with making possible the improvement in US-Arab relations.

In its issue of June 16, Pravda emphasized Moscow's contribution toward a settlement of the Middle East crisis, and asserted that Soviet support for the Arabs is responsible for the change in the Middle East climate. Pravda condemned "cold war" advocates in the West who, the paper alleges, are trying to portray the President's trip as a campaign to undercut Soviet-Arab relations.

The Soviets are still laboring, as they have been since the first of the year, to convince the Arabs that their demands can be satisfied only with the continuing support of the Soviet Union. The US is being portrayed as a Johnny-come-lately whose basic interests still reside with Israel. This week's issue of New Times, for example, told its readers that it was not until the 1973 US-Soviet summit that the US had pledged to respect the rights of the Palestinian people.

FOR THE PRESIDENT ONLY

ITALY

Left-wing gains in the Sardinian election and more political violence have added to the difficulties surrounding the formation of a new Italian government. Final returns from Sardinia, long a Christian Democrat stronghold, show a 7-percent gain for the Communists and a 6-percent loss for the Christian Democrats since the last regional election in 1969. Large shifts in Italian voting patterns are unusual, and the Sardinian results will damage Prime Minister Rumor's efforts to end the quarrel between his Christian Democratic Party and the Socialists over a government austerity program.

Rumor will meet today with the leaders of the ruling center-left parties for another attempt to form a government. The soundings Rumor took over the weekend led him to believe that a compromise was possible. The Sardinian results may dispel his optimism and stiffen Socialist opposition. The Christian Democrats have been on the defensive since their defeat in the divorce referendum last month. The Socialists and other left-wing parties will interpret the Sardinian results, coming not long after the divorce referendum, as another indication that the trend is away from the Christian Democrats.

Italian voters are obviously blaming the dominant Christian Democrats for the rise in the cost of living and the growth in political terrorism. The image of a government that has lost control was accentuated yesterday when two neo-fascist leaders were assassinated in their office in Padua.

The gravity of Italy's political and economic problems appears to be the only factor favoring Rumor's reaching an accord with his center-left partners. Any new accord would be erected on a fragile foundation and could easily come apart the first time a contentious issue came up.

FOR THE PRESIDENT ONLY

PORTUGAL

President Spinola continues to stomp the country in an effort to consolidate his leadership. His latest speeches have stressed the need for order, discipline, and vigilance against extremists. His personal appeals to the rank and file of military units are designed to broaden his control over the military and the younger officers who planned the coup that overthrew the Caetano regime.

The government, meanwhile, is showing a firm hand in labor disputes and antigovernment demonstrations by far-left groups. The only major work stoppage now in progress is a postal workers' strike that began yesterday. The government has criticized the strike, promised to study worker grievances, and warned that it will be firm in ensuring normality.

Spinola may be faced with resignations from the cabinet, including, possibly, the Prime Minister himself. Spinola's most pressing differences, however, are with Foreign Minister Soares.

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Soares and his followers want more immediate steps toward independence than does Spinola. The Algiers talks have been suspended, however, and Soares' trip to Ottawa for the NATO conference may lead him to postpone his resignation.

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AFGHANISTAN-USSR

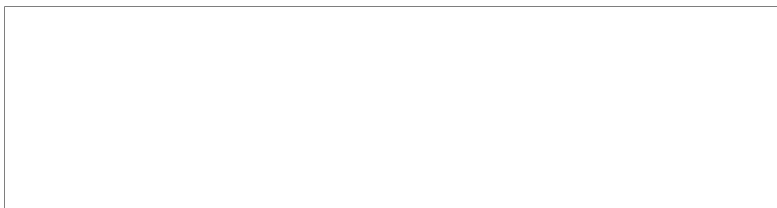
Close examination of the joint Soviet-Afghan statement issued at the conclusion of President Daoud's recent visit to Moscow has convinced the US embassy in Kabul that his seeming acceptance of Moscow's scheme for an Asian collective security system is so carefully hedged as to be no real endorsement at all.

The statement as worded agreed that such a system would "meet the interests of all Asian peoples." The Afghans, nevertheless, managed to insert into the joint statement the caveat that a precondition for the creation of a collective security system would be a "settlement of disputable issues through peaceful means and elimination of remnants of colonialism." This is the standard Afghan reference to the Pushtunistan issue--a problem with no likelihood of early resolution. A Soviet news bulletin issued in Kabul featured quotations from the joint statement on the collective security concept, but omitted the Pushtunistan qualifier.

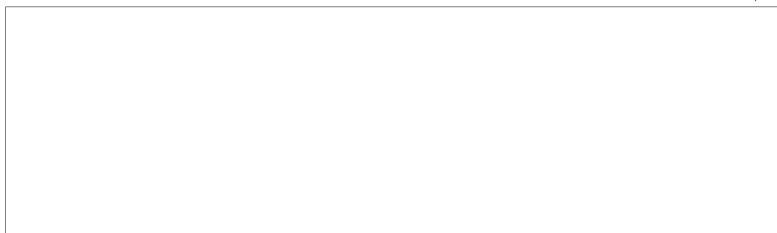
Daoud also won use of the term "negotiations" in the joint statement's reference to the Afghan-Pakistani dispute rather than "discussions," which up to now is all the Pakistanis have been willing to accept. This may call for some skillful maneuvering on Moscow's part during Prime Minister Bhutto's coming visit to the Soviet Union.

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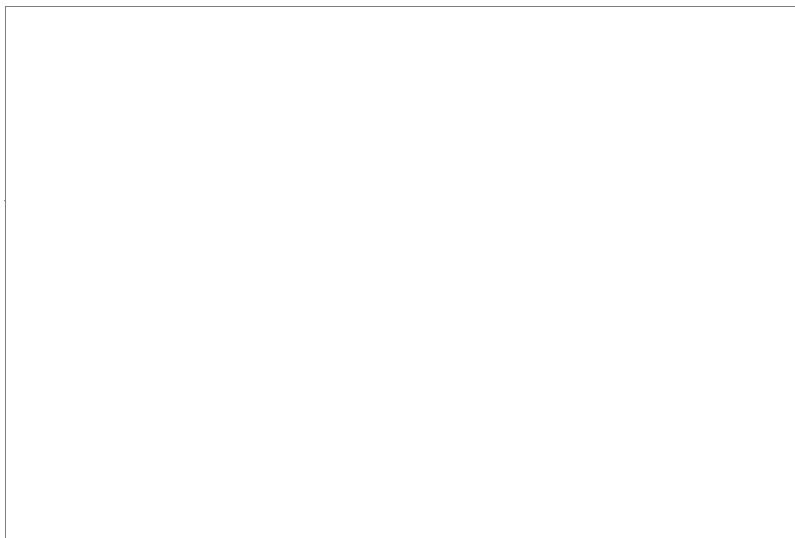
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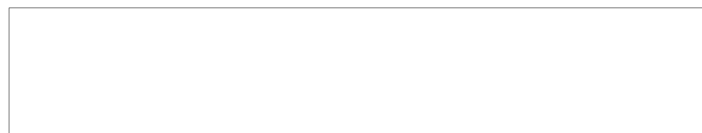
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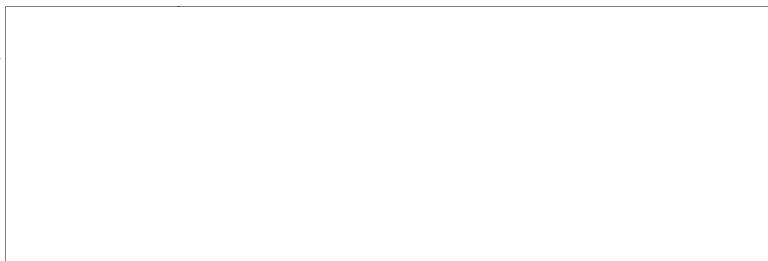
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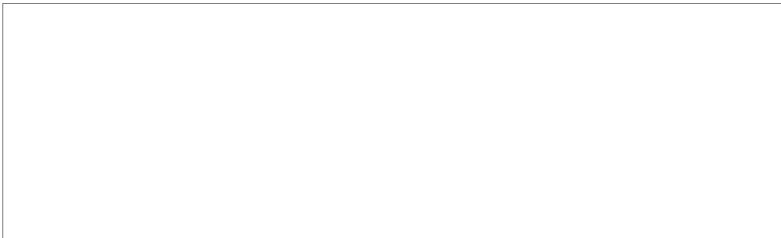
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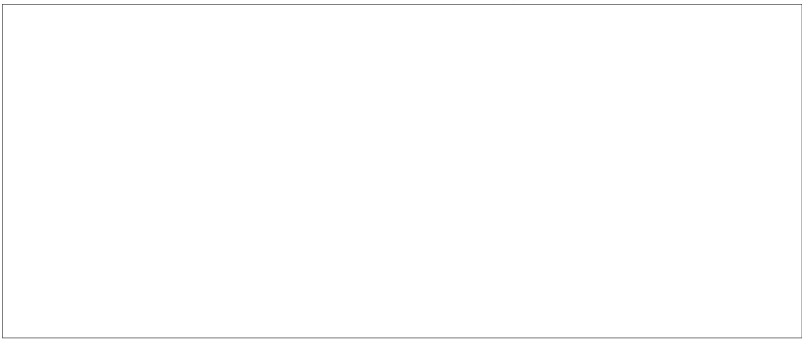
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